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GLOBAL MECHANISM

REVIEW, PURSUANT TO ARTICLE 22, PARAGRAPH 2(d) OF THE CONVENTION, OF THE REPORT ON POLICIES, OPERATIONAL MODALITIES AND ACTIVITIES OF THE GLOBAL MECHANISM, AND THE PROVISION OF GUIDANCE TO IT

Note by the secretariat

1. At its second session, the Conference of the Parties, recalling its decisions 24/COP.1 and 25/COP.1 on the organization to house the Global Mechanism and agreement on its modalities, and on collaborative institutional arrangements in support of the Global Mechanism, by decision 18/COP.2:

(a) Requested the Global Mechanism to establish an ongoing process for consultation and collaboration with non-governmental organizations as well as with the private sector, and to submit a report to the Conference of the Parties at its third session for consideration and to take appropriate actions;

(b) Took note of the first draft of an operational strategy and requested the Managing Director of the Global Mechanism to complete the development of an operational strategy, so as to ensure full consideration of all its main functions including mobilizing and channelling of financial resources as contained in its decision 24/COP.1;

(c) Decided to undertake, at its third session, in accordance with article 21, paragraph 7, of the Convention, the first review of the policies, operational modalities and activities of the Global Mechanism and, on the basis of this review, consider and take appropriate action.

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2. Annexed hereto is the report of the President of the International Fund for Agricultural Development (IFAD) on policies, operational modalities and activities of the Global Mechanism1/. This report includes information on the process for consultation and collaboration with non-governmental organizations, as well as with the private sector. The report also contains an assessment of the actions taken by the Global Mechanism to facilitate the first review of the policies, operational modalities and activities of the Global Mechanism, as called for in article 21 of the Convention and decision 18/COP.2.

3. A report on the operational strategy of the Global Mechanism will also be presented to the Conference of the Parties for its consideration.

1/ The report is reproduced without formal editing by the Convention secretariat.

REPORT OF THE PRESIDENT OF THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT ON THE GLOBAL MECHANISM TO THE THIRD CONFERENCE OF THE PARTIES

Recife, Brazil, November 1999

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1. Introduction

Article III.B. of Annex I of the Memorandum of Understanding between the International Fund for Agricultural Development (IFAD) and the Conference of the Parties (COP) states that the Managing Director of the Global Mechanism (GM) reports to the Conference of the Parties on behalf of the President of IFAD. This report responds to this obligation. It covers the period from COP.2 to mid-August 1999. Reflecting the rationale adopted by the Global Mechanism, it provides an update on the development of the Office of the Global Mechanism. It contains information on the activities undertaken during the reporting period and includes a section on the Global Mechanism's collaboration with non-governmental organizations and the private sector. The request by COP.2 in this regard, (Decision 18/COP.2), is therefore covered as an integral part of this report.

The report contains a self-assessment of the actions taken by the Global Mechanism in this period, so as to facilitate the first review of the policies, operational modalities and activities of the Global Mechanism, as called for in Article 21 of the Convention to Combat Desertification.

2. Rationale and Approach to GM Activities

The rational behind and approach to GM activities, are based on the evolving Operational Strategy. This Strategy will be presented separately to the Conference of the Parties. It therefore suffices to state here the guiding principles upon which the GM operates and which have underpinned the utilization of the catalytic resources available to the GM during its first year of operations. The guiding principles upon which the GM operates are contained in Decision 25/COP.1. They read as follows:

The GM will be:

- Demand-driven but pro-actively responsive to the needs and priorities of the Parties;
- Non-duplicative of existing mechanisms and facilities, but adding value to these;
- Non-monopolistic and geared towards promoting multi-source, multi-channel financing;
- Highly flexible in its operations, responding to emerging opportunities;
- Lean and efficient, drawing on other institutions, including its housing institution, as well as the United Nations system-wide capacities and facilities, in particular the Office of the Resident Co-ordinator; and that, moreover,
- Neutrality and universality will form the basis of the operations of the GM.

In addition, the National, Sub-regional and Regional Action Plans provide the framework for Convention implementation. The Convention also states that such plans shall be closely linked with other efforts to formulate policies for sustainable development. Moreover, the Convention clearly states that the problem of desertification (i.e. land degradation in arid, semi-arid and dry sub-humid areas resulting from various factors, including climate variations and human activity), is very closely linked to the development process itself, and in particular, to all aspects of rural development, to agricultural development, to poverty eradication, and to sustainable development. It is understood that this is the main reason why the Global Mechanism is not a central fund, but rather a brokering institution. It is on this basis that the approach for GM involvement in Convention implementation during its first year of operations has aimed to:

(i) Support, on request, the implementation of National Action Programmes (NAPs);

(ii) Assist, upon request, with the formulation or implementation of Regional and Sub-regional Action Programmes (SRAPs);

(iii) Develop a model for co-operation with Non-Governmental Organizations and to promote stakeholder mobilization and networking for transfer of technology and information management;

(iv) Launch strategic initiatives to enhance the overall financing opportunities for Convention implementation and to address desertification and land degradation at policy level.

3. National Initiatives

The Global Mechanism is working with three countries in West Africa: Burkina Faso, Mali and Senegal. Initial discussions has also been held with regard to Latin America and the Caribbean Region, inter alia, on the occasion of the Latin American and Caribbean Regional Meeting, held in Lima, Peru, in August 1999. The support the GM is providing aims to:

- Provide assistance in developing a framework of "local area development programmes"(LADPs), as an instrument for implementing NAPs at local level, and linked to this, provide assistance for the establishment of National Desertification Funds, as a method of channelling financial resources to the local level;
- Identify the interlinkages between NAPs and ongoing or planned initiatives at national level, e.g. the development programmes supported by bilateral and/or multilateral donors, or initiatives such as the Soil Fertility Initiative developed by the World Bank, FAO and others.

Burkina Faso

The National Action Programme for Burkina Faso has been under development for several years. It has received financial support from the Burkinabé Government and by a number of bilateral and multilateral donors. The international donors include IFAD, which has played a key role. The National Action Programme provides a framework within which existing specific donor programmes can be further developed and new major initiatives and local community and civil society initiatives, be incorporated. An example of how on-going initiatives can be incorporated is the World Bank and FAO supported Soil Fertility Initiative. This initiative is being harmonized with the National Action Programme and linked into projects already operating in the field, which can thus become a vehicle for working on soil fertility issues at village level. The Global Mechanism will finance a national workshop with the aim of completing this process.

The Global Mechanism is also supporting the process of finalising the definition of the National Desertification Fund for Burkina Faso, designed as the prime financing mechanism for implementation of local development programmes. The Global Mechanism has recommended that the donor community and the private sector be invited to participate in the definition of the operational modalities of the Fund, to ensure that it reflects their needs and concerns as potential contributors. The Global Mechanism will respond positively to requests for initial contributions to capitalize the Fund, alongside the Burkinabé Government.

Mali

The Managing Director was invited to attend a Sectoral Round Table on Environment Financing, organized by the Mali Government, in May 1999. As a basis for the Round Table, the Government had prepared a specific document for consideration by the donors. This document presented four programme areas contained in the National Environmental Action Plan (NEAP) and the National Action Programme (NAP) to Combat Desertification. The two documents have been merged in an effort to streamline the Government's approach to environmental and desertification challenges.

The Donor community was well represented at the Round Table and some organisations and countries, including France, Germany and UNDP, sent delegates from headquarters. The Government received a positive response to its proposals and at the closing ceremony announced pledges well beyond its initial expectations.

The Global Mechanism offered to work with the Government and the donor community in defining initiatives specifically targeting the desertification process. The GM will therefore take the NEAP/NAP as its starting point, but will not limit itself to the four programme areas presented at the Round Table. At the time of writing, no follow up visit to Mali has been undertaken. It therefore remains to be defined precisely how the GM can interact with the Government and the donor community in this process. Discussions have, however, already been held with the IFAD staff responsible for Mali. Moreover, the option of integrating the Soil Fertility Initiative with the NEAP/NAP will be given due attention. Already, the GM has been instrumental in facilitating discussions between IFAD, the World Bank and IUCN

regarding a planned GEF-financed project in the inner Niger Delta. Both IFAD, in co-operation with the World Bank and IUCN had approached GEF with similar project proposals. The aim of combining the resources of IFAD, with its extensive experience of working with small farmers, with those of IUCN, with its expertise in the management of wild natural resources, has great potential. The proposal is currently under review by the Government.

Senegal

The Senegalese Government was one of the first to ratify the Convention and also one of the first to complete its National Action Programme. The Managing Director has visited the country to discuss how the Global Mechanism could best support the move from a long and thorough planning process, in keeping with the Convention, to the implementation phase. The planning process has received financial support from the Government and from a number of bilateral and multilateral donors.

In an effort to move swiftly from planning to action, the Government, in close co-operation with a number of Non Governmental Actors (which include both NGOs and other organizations such as farmers' associations), has prepared a Priority Action Programme (PAP). The PAP brings together a number of development initiatives prepared by local communities with support of appropriate NGAs. The basic idea is for such initiatives to be financed through a National Desertification Fund. However, such a fund has not yet been fully developed and therefore the Government has opted for a PAP as an interim step. The Global Mechanism, for its part, has offered to support the development of the National Desertification Fund and also to favourably consider co-financing the PAP. In both cases, the GM would act in concert with the Government as an initial contributor to the two initiatives, once fully developed and endorsed.

One result of the consultations with Government at Ministerial level (including the Ministers of the Environment, Planning and Finance) and with a selected number of key donors in Senegal, was the tentative agreement that the Government would organise a donor meeting to demonstrate its full commitment to the NAP and NAP implementation. Prior to this meeting, the Government will need to set its own contribution to both the PAP and the Desertification Fund. The Donor community is aware of its commitment under the Convention to contribute to NAP implementation, especially in the light of the priority the Senegalese Government attributes to the Plan.

A number of discussions were held with the Ministries of Agriculture, Livestock and Water in Senegal, with the aim of exploring possibilities of harmonising sectoral initiatives with the NAP. In this context the Soil Fertility Initiative (already discussed with the World Bank and FAO), is a viable option. A livestock programme supported initially by the AfDB and now by the World Bank, may also offer an approach at regional level. Clearly, an initiative related to the Senegal River Valley is of prime relevance to the Senegalese NAP (cf. Chapter 4).

Cuba and Haiti

Within the Latin American and Caribbean Region, priority has been given to Cuba and Haiti, for support at national level, with Peru being considered the third priority country. The GM will build on efforts already made, which include support from IFAD, through inter-agency collaboration involving FAO and the CCD Secretariat, in the development of the National Action Programme for Cuba. This involves the implementation of pilot activities within a Local Area Development Programme (LADP) in the Cauto River Basin. The Global Mechanism is considering supporting Cuba in the finalisation and implementation of the NAP and in the technical validation process of the Cauto River LADP.

In the framework of its co-operation with the Government of Haiti, IFAD has provided assistance to the Ministry of the Environment in participatory methodology for the preparation of the Haitian NAP. The Global Mechanism will contribute to ensure full integration of the NAP and consider different options for the channelling of resources for financing planning and implementation of activities, such as rural development funds and community funds. The GM will also contribute to the design of strategies and programmes supported by IFAD and other donors.

4. Regional and Sub-regional Initiatives

The Global Mechanism has initiated support for the development of activities in one region and two sub-regions. The aims of the GM in relation to Regional and Sub-regional Action Programmes are to:

- Define the orientation and content of SRAPs at the inception/formulation stage of the consultation process, and supporting the process of designing and/or validating SRAPs;
- Support SRAP focal institutions, in defining the interlinkages between the SRAPs and NAPs concerned, and rendering operational the interface between them;
- Encourage the formation of strategic alliances between sub-regional bodies whose mandates are relevant to SRAP objectives with special emphasis on organizations with a proven capacity or potential to contribute as co-financiers to SRAP implementation;
- Seek methods and opportunities to render operational the interface between SRAPs and the four focal areas of the Global Environment Facility (GEF), as they relate to land degradation;

Latin America

Following a proposal from the Latin America and the Caribbean Division of IFAD, the Global Mechanism, through the electronic network, FIDAMERICA, is supporting a regionally-based conference involving IFAD as well as non-IFAD projects on the theme of land degradation and desertification. The objective of this initiative is to facilitate communication between the actors on the ground in the various countries of the region, through electronic communication, rather than organizing high-level

conferences for this purpose. In order to ensure that the electronic debate is progressing effectively, a moderator of this electronic forum has been designated. The outcome of the electronic debate will be presented to the third Conference of the Parties in Brazil in November 1999. It is anticipated that this conference will provide indications of how the Global Mechanism may support the UNCCD Committee on Science and Technology, and of how traditional knowledge may be effectively collected and circulated.

Following the Latin American and Caribbean Regional Meeting held in Lima, Peru, in August 1999, the GM has expressed an interest in supporting an initiative aiming at reviewing selected national policy frameworks. The objective would be to identify and select a limited number of policies that hamper development and the implementation of CCD objectives, and seek to have these policies revised. This initiative is already being pursued in Mexico and it is foreseen that further expansion in the region will be co-ordinated from there. The Inter-American Development Bank is also interested in supporting the initiative. If successful, this initiative might very well be pursued in other regions and become part of the GM's portfolio of strategic initiatives.

The Regional Meeting highlighted the Gran Chaco area and the Puna ecosystem as priorities at sub-regional level. Possible GM support for these initiatives will require further discussions.

West Africa

The UNCCD West African Sub-regional Action Programme was approved by the Ministers of the Environment of West African States at a meeting in Lomé in May 1999. The Global Mechanism contributed financially to this meeting. The Action Programme will be adopted by the Heads of State, in the near future. The Global Mechanism has already initiated discussions with the Permanent Inter-state Committee for Drought Control in the Sahel (CILSS) as the prime West African organization responsible for the technical aspects of the Action Programme as regards the implementation of specific parts of the Programme. Discussions are still in their early stages, but are focusing on support for the development of a desertification monitoring system for the region, on the development of two river basins (Senegal and Niger) and other shared water resources, and on a regional livestock initiative, covering the entire production chain. Further developments are likely to focus on a regional weather-forecasting system and on an inventory of the region's natural resource base.

The Global Mechanism has discussed these initiatives with UEMOA - the West African Economic and Monetary Union. UEMOA has expressed a strong interest in participating both from a technical point of view and as a co-financing organisation. With regard to the livestock sector, which is a crucial part of the West African economy, UEMOA already has projects underway. CILSS is also engaged in this sector. The role the Global Mechanism could play would be to foster co-ordination between these initiatives and to support further development of them, so that they encompass the productive sector of the economy. This appears to be a context in which the Global

Mechanism can fulfil its role of "matchmaker" and "broker", bringing together regional and international, technical and financial institutions.

West Asia

The development of the Sub-regional Action Programme for West Asia (Bahrain, Egypt, Iran, Jordan, Kuwait, Lebanon, Oman, Palestine, Qatar, Saudi Arabia, Syria, U.A.E. and Yemen), has been supported by the Convention Secretariat. Upon the establishment of the Global Mechanism, representatives from the region and the Secretariat called on the Global Mechanism to support the development of the Action Programme and to secure its financing. The Managing Director therefore visited the region in March 1999, and subsequently a draft proposal has been designed to this end. Two senior consultants from the region have been engaged by the Global Mechanism to visit all the countries and the three regional and international institutions involved (ACSAD, ICARDA and CEDARE), in September 1999. Once the consultants have fully discussed the content of the programme with all parties, the text will be revised in the light of these discussions. A conference to which representatives of the countries and donor institutions will be invited, will be held for the final endorsement of the Action Programme in early 2000.

As part of their brief, the consultants will be contacting potential donor institutions within the region, such as the Arab Fund for Development and the Islamic Development Bank, so as to ensure that these institutions are fully involved in the process and to offer them an opportunity to express their views. The Islamic Development Bank has already contributed financially to the development of the Programme and continues to support its development by allocating funds to the Global Mechanism to this end.

Assessment

The guiding principle for the Global Mechanism in working with Regional, Sub-regional and National Action Programmes has been to secure high technical standards and to ensure that the principles of the Convention have been observed.

In addition, the Global Mechanism is actively searching for opportunities to merge action programmes with on-going desertification and land-degradation initiatives, with the aim of rendering both the Action Programmes and the complementary initiatives as relevant as possible to those who will benefit from them, which will also enhance their funding potential.

The Global Mechanism is also seeking to involve potential donors at as early a stage as possible in the formulation and definition of initiatives, and intends to make this one of its policies. Again, the objective is to facilitate the securing of financial resources. The overall objective of this approach is to exploit the principles of the Convention whereby the developing Country Parties and regions are obliged to meet criteria of broad-based involvement in the formulation and implementation of Action Programmes. In turn, the developed Country Parties to the

Convention are committed to supporting financially the implementation of programmes and initiatives emerging from such a process.

It should be noted that it has only been possible for the Global Mechanism to initiate a limited number of actions at country and sub-regional level in its first year. However, it should be said that it was decided from the outset to follow through on a limited number of initiatives as thoroughly as possible, rather than spreading limited resources too thinly. Similarly, a programmatic approach has been sought at country and sub-regional level, instead of supporting isolated initiatives. The rationale has been to secure as high a return on investment in time, effort and financial resources, as possible.

5. Strategic Initiatives and Enabling Activities

The purpose of engaging the Global Mechanism in strategic initiatives and enabling activities is two -fold: one reason is to explore the extent to which new and additional funding can be obtained through innovative approaches to financing the Convention (strategic initiatives), the other is to develop initiatives of relevance to more than one region and therefore, which address the problem of desertification and land degradation at policy level (enabling activities). In this context, four initiatives are being developed:

Carbon Sequestration

This initiative is linked to the opportunity of fostering synergy between the CCD and the International Framework Convention on Climate Change. One of the objectives of the IFCCC is to reduce the concentration of carbon dioxide in the atmosphere, in order to mitigate the greenhouse effect. There are two ways of achieving this objective: one is to reduce CO_2 emissions, the other is to absorb the CO_2 already in the atmosphere, into bio-mass.

For developed countries, the cost of reducing emissions is many times higher than that of absorbing CO_2 through re-forestation and land improvement initiatives in the developing world. There is therefore a potentially huge amount of money available for land-improvement projects. This said, in order to be able to benefit from this potential, it must be possible to verify that Carbon once absorbed in bio-mass, is retained, and not re-emitted into the atmosphere. In co-operation with IFAD, FAO and the Convention Secretariat, the Global Mechanism has begun looking into the field aspect of the carbon sequestration process, given that, particularly in dryland areas, organic matter in soil is closely related to the productivity of the soil itself. It is understood that a long time may be needed for this initiative to result in flows of funds, but given the potential, it is felt it is important for the Global Mechanism to become involved in the debate and the process.

Debt Relief Initiative

By virtue of the Global Mechanism's mandate to "explore innovative methods and incentives for mobilizing and channelling resources, including debt swaps and other innovative means", the GM has begun to examine the prospects and ways of establishing an interface between the new G-8 Debt Relief Initiative and the implementation of the CCD. Article 20 of the Convention draws attention to the debt burden of affected developing Country Parties, particularly those in Africa, and the harmful effect that the debt burden has on all aspects of the Convention. Following the Debt Relief Initiative of the G-8 in Cologne, in June 1999 and a request by the Chairman of the Conference of the Parties, the Global Mechanism has begun a study to explore how the Convention can benefit from this Initiative. The GM's involvement in relation to the Cologne Initiative should not to be misconstrued as introducing additional conditions that would hinder ongoing efforts to extend and accelerate the process of debt relief in favour of poor countries. Instead, the objective would be to examine the prospects and modalities for establishing an interface between the new G-8 initiative and implementation of the Convention. The interface relates to investments in better land management and it therefore has an economic investment aspect to it as well as a social one. Therefore, the prospective linkages between the HIPC Initiative and CCD implementation could have several advantages:

- By directing part of Government resources freed-up under the HIPC Initiative towards activities to reverse or prevent the degradation of productive land, the Governments concerned would create conditions for environmentally-sustainable economic growth. This, in turn, would enhance the capacity of these Governments to honour their future obligations in terms of debt servicing;
- The CCD provides a broad-based framework for partnership, in relation to all activities connected with rural development and poverty alleviation in areas affected by land degradation, including natural resource management, sustainable agricultural development, and social services such as health and education. Consequently, a linkage between debt relief and CCD implementation may offer an opportunity to reconcile the concerns of the apparently competitive interests of the constituencies favouring investment in the "environment" and "social sectors".
- Under the Cologne Initiative, the scope and pace of debt relief will ultimately be determined in specific arrangements between each debtor country and its creditors. However, the consultative mechanisms and strategic frameworks established under the CCD at sub-regional, regional and global levels, would offer useful fora for the exchange of experiences in combating land degradation, through the combination of external and domestic resources, including those freed up through debt relief.

The dialogue between the GM and other development partners, engaged in the debt relief agenda, will involve, inter alia, the collaboration with the NGO community, not only in recognition of the critical effect of their advocacy role in the context of the debate on debt relief, but also taking into account the emphasis the CCD

places on the relevance of NGO involvement in Convention implementation. To this end, the GM has held initial discussions with Washington D.C.-based NGOs.

As stated above, negotiations on debt relief will, in the end, become an issue for the debtor countries and their creditors. It is in these negotiations that the final decisions on how to allocate and invest resources derived from debt relief, will be taken. The aim at international level must therefore be to prepare the ground for country-level negotiations, which may be done by ensuring that desertification and land degradation feature prominently on the list of issues to be considered at these negotiations.

Community-based Exchange and Training Programme

The purpose of this activity is to encourage the establishment of systematic dialogue and exchange of experiences between "natural resource users" on issues of common interest, as a basis for building a partnership between local communities, the (central or local) government and other partners including donors and NGOs. To this end, and as a follow-up to consultations with the RIOD Network, CCD Focal Points at country level and specialized institutions, the Community-Based Exchange and Training Programme is being considered for support by the GM and its partners. The GM would contribute catalytic resources (in financial and conceptual terms), to facilitate the development and implementation of this programme. The programme is conceived as a grassroots capacity-building initiative and is expected to enhance the absorptive capacity at local level. It will therefore lay the ground for further investment of domestic and external donor resources, in support of NAP objectives. The Programme would be implemented in a decentralized manner, while providing an overall framework for cross-fertilization between projects and programmes executed by NGOs or Governmental Institutions. Provision would also be made for inclusion of areas which are currently left out of development programmes. Finally, collaborative arrangements would be made in relation to knowledge management and broad-based dissemination of best practices through partnership agreements between existing and future knowledge networks.

The initiative supported by the Global Mechanism in Latin America, discussed above, offers a model for developing initial contacts and knowledge-sharing between projects. It might therefore be appropriate for RIOD to take the responsibility for operating a network similar to that being defined in Latin America, to build on this network and expand it, under the umbrella of the Community-based Exchange and Training Programme.

Desertification Monitoring

Although desertification has been a cover-page issue for almost three decades, there is still no universally-agreed upon method of measuring and assessing the desertification and land degradation process. That said, in the final analysis, the success of Convention implementation can only be measured through such calculations. Therefore importance is given to contributing to this fundamental issue. One region and two-sub regions (Asian, West Africa and North Africa) have approached the Global Mechanism regarding the development of desertification

monitoring systems. There is therefore an opportunity of merging these interests and addressing the issue on a global scale. Discussions to this effect are just beginning. However, the Global Mechanism expects that seversal institutions will become involved in this initiative, including the Convention Secretariat, FAO, OSS, AGRIMETH (a CILSS Member Institution), and the emerging Asia Network on Desertification Monitoring, to name but few.

Assessment

Almost by their very nature, the strategic initiatives are long-term. An assessment of their eventual impact cannot be quantified or qualified at this point in time. Assessment is therefore related to whether the choices are correct, or whether there are other initiatives would be of greater interest to the Global Mechanism. The four subjects addressed so far are based on what are considered to be fundamental issues for the successful implementation of the Convention.

6. Institutional Aspects

6.1 Development of the Office of the Global Mechanism

Recruitment

The 1999 budget of the Global Mechanism provided for the recruitment of three Professional and three General Service staff. Two of the Professional posts were budgeted for immediate recruitment, while one post was planned for later in the year. At the time of reporting, candidates for the Senior Programme Manager and the Information Systems Manager/Financial Analyst, had been selected and offered employment. The Information Systems Manager/Financial Analyst, will take up his position on 1 September 1999, while the Senior Programme Manager is expected to join the Office of the Global Mechanism on 20 September 1999.

The third post, that of Programme Officer, was not advertised at the same time as the two above-mentioned posts. However, all efforts will be made to ensure that this post is filled before the end of 1999. In order to compensate for this situation, one new professional post, planned for the year 2000, will be advertised and candidates selected in parallel with the recruitment of the remaining 1999 Programme Officer post.

With regard to General Service posts, the Administrative Assistant post was filled as of 1 April 1999. The candidate selected had been covering the post since the establishment of the Office in October 1998. The second post, that of Secretary to the Senior Programme Manager, will be advertised following the entry on duty of the Senior Programme Manager. Likewise, the third General Service post of Secretary to both the Information Systems Manager/Financial Analyst and the Programme Officer, will be filled once the corresponding professionals have taken up their duties.

Meanwhile, temporary clerical assistance has been hired since May 1999, to assist with the ever-increasing workload.

The Global Mechanism's Accounts and Financial Reporting

The Global Mechanism operates three accounts, as defined in the Memorandum of Understanding between the Conference of the Parties and IFAD. In order to render these accounts fully operational, legal interpretation and precise definition of the purposes for which they may be used, were required. This process has been completed in co-operation with the Legal Services of IFAD and the advice of those specialized in such issues within the Global Mechanism's Housing Institution. The final text has now been approved by the President of IFAD. The essence of the text is as follows. The first account - the Core Budget Administrative Account - in which the contributions from the Parties to the Convention are deposited, and the second account - the Voluntary Contributions Administrative Expenses Account - which is capitalized with voluntary contributions, are intended for the operations of the Office of the Global Mechanism. The funds held in the third account - the Basic Resources for CCD Finance (SRCF) Account - are to be used to support to Parties to the Convention in developing National Action Programmes (NAPs) and Sub-regional Action Programmes (SRAPs) and related initiatives, as well as for developing strategic initiatives which have a potential for generating financial resources for Convention implementation.

Once the three accounts were defined, funds from the first and second accounts were earmarked for various initiatives. In accordance with its commitment in its submission to house the Global Mechanism, IFAD has generously contributed an initial USD 2.5 million to the SRCF account. At the time of writing this report, the Technical Advisory Group which will advise on the use of funds from this account, has not yet been constituted. The Group will, however, be convened in the Autumn, and will discuss several proposals in this context at its first meeting.

The operations of the Global Mechanism during 1998 (last quarter), were financed through the voluntary contribution from Sweden (Voluntary Contributions Administrative Expenses Account). The 1998 voluntary contributions from Germany and Switzerland have been carried forward into 1999. An external audit of the Global Mechanism for 1998 was undertaken by Price Waterhouse in June 1999. The audit is being sent to the governments concerned and to the Secretariat of the CCD. In addition, a Performance Report of the first account was submitted to the Secretariat in June 1999. This report contains the Global Mechanism's financial transactions up to 31 May 1999. An update will be submitted prior to the third Conference of the Parties in November 1999.

The Memorandum of Understanding

In accordance with Decision 19/COP.2, the Executive Board of IFAD at its Sixty-sixth Session on 28 and 29 April 1999, considered the Memorandum of Understanding, containing the revisions proposed by the Second Session of the Conference of the Parties and approved the text of the MoU. The revised MoU has been returned by IFAD to the Secretariat of the CCD by letter of 13 July 1999.

Arrangements for Co-operation between the Secretariat and the Global Mechanism

By Decision 18/COP.2, the Global Mechanism and the Secretariat of the United Nations Convention were requested to co-operate in order to avoid duplication and to enhance the effectiveness of Convention implementation, in accordance with their respective roles, as contained in the Memorandum of Understanding. In order to formalise this request, the Secretariat and the Global Mechanism agreed to prepare an Arrangement for Co-operation between the two entities. The Secretariat engaged a consultant to draft a proposal in accordance with the above-mentioned request. At the time of writing this report, the text is being finalised, and will then be signed by the Executive Secretary of the Secretariat and the Managing Director of the Global Mechanism.

During the course of the year, a number of initiatives have been taken as regards co-operation between the Convention Secretariat and the Global Mechanism. As a member of the Facilitation Committee, the Secretariat has contributed to the development of the Operational Strategy of the Global Mechanism. The two institutions have co-operated over the development of the Sub-regional strategy for West Asia. The same is the case as regards the planning for the development of the Asian Technical Networks. The two institutions are also co-ordinating their efforts in relation to carbon sequestration and desertification monitoring. The new Secretariat Liaison Office at the African Development Bank should also be of assistance to the GM in developing co-operation with this institution. These are but some examples of how the two institutions are working together.

6.2 The Facilitation Committee

At the time of writing this Report, the Facilitation Committee has met for the fifth time. The fourth and fifth meetings were hosted by the World Bank in Washington, and UNDP in New York, respectively. The main issues discussed at these meetings were the Operational Strategy for the Global Mechanism, the Programme of Work for 1999, and its progress. At the fourth meeting, it was decided to expand the membership of the Facilitation Committee. UNEP and FAO were therefore invited to become full members, so that the FC now consists of: IFAD, UNDP and the World Bank (founding members), the African and Inter-American Development Banks, the CCD Secretariat, FAO, GEF, UNEP, and the Managing Director of the Global Mechanism in an ex-officio capacity. The Asian Development Bank has not yet attended a Facilitation Committee meeting. However, following extensive correspondence and an explanation of the role of the Facilitation Committee and the responsibilities

of its members, it is expected that the Bank will be represented in future. The Islamic Development Bank, whilst declining permanent membership of the Committee, has expressed its desire to co-operate with the Global Mechanism and demonstrated its commitment by contributing financially, through the Global Mechanism, to the preparatory consultations for the Sub-regional Action Programme for West Asia. The Managing Director of the Global Mechanism visited the African Development Bank and has begun developing closer relations with the Environment Department and with the Operational Divisions of the Bank. Moreover, the signing of the agreement between Convention Secretariat and the African Development Bank to establish a liaison office at the Bank's Headquarters in Abidjan, should also facilitate the Global Mechanism's interaction with the Bank.

It has been agreed that Facilitation Committee meetings should also be used to organize briefings for the Senior Management of the hosting institution, with the aim of raising the profile of the Convention to Combat Desertification and the role of the Global Mechanism in its implementation. In this spirit, the World Bank organized a High Level Round Table on Desertification, entitled, "Drylands, Poverty and Development: Towards a Strategy for the World Bank", on 26 May 1999, to which it also invited a large number of external resource people who have played a key role in the development and implementation of the Convention. Such participants included the Chairman of the Negotiation Sessions, the current Chair of the Conference of the Parties, and the Chief Executive Officer of the Global Environment Facility. The Round Table was opened by the President of the World Bank, who undertook to give the Convention, Desertification and land-degradation issues a more prominent place in the Bank's operations. The World Bank has offered to host the 7th meeting of the Facilitation Committee at UNEP in Nairobi, also using this occasion as an opportunity to engage senior UNEP staff in discussions on the Convention.

6.3 Collaboration with Facilitation Committee Member Institutions

The Global Mechanism has begun to develop very positive collaborative initiatives with several Facilitation Committee Member Institutions.

FAO

Co-operation with FAO is currently focused on two issues - the Soil Fertility Initiative and carbon sequestration. FAO is expected to play an increasingly significant role in relation to GM operations, as a new member of the Facilitation Committee and as a potential member of the Technical Advisory Group on the SRCF Account of the Global Mechanism.

GEF

From the very beginning, the GEF Secretariat has responded very positively to the Global Mechanism. The Chief Executive Officer has personally extended his support to the Global Mechanism and has stressed the readiness of the GEF to support initiatives related to land degradation and desertification. The focal areas eligible for GEF financing i.e. biodiversity, climate change, international waters

and the ozone layer, must feature in projects supported by the GEF, and therefore for there to be co-operation with the Global Mechanism, GM initiatives will have to contain a component of the above. In addition, the GEF can only finance incremental costs and co-financing must therefore be arranged. Such opportunities are being explored, but are likely to take some time to reach fruition. The most advanced discussions so far are related to two GEF-supported planning projects on the Senegal and Niger river basins. Clearly, the GEF Secretariat's membership of the Facilitation Committee, and that of its three implementing organisations (UNDP, UNEP, World Bank), will facilitate co-operation in this context.

IFAD

For several years IFAD has provided both financial and substantial support to countries, in developing their National Action Programmes. This assistance has been continued in the development of IFAD's lending programmes. Strong links between the lending programmes IFAD is currently developing in Burkina Faso, Senegal and to some extent, Mali, and the National Action Programmes in these countries, can be observed. The Global Mechanism is benefiting from IFAD's knowledge and experience in these countries and as the Global Mechanism moves into other countries, the work done there already by IFAD, will also be beneficial to the Global Mechanism.

UNDP

Similarly, UNDP and in particular, the Office to Combat Desertification and Drought (UNSO) has supported many countries in developing Action Programmes. The Global Mechanism is developing working relations with UNDP Offices in sub-regions where it is involved. In this way, the Global Mechanism will benefit from UNDP experience while, at the same time developing a "field representation" for its own operations.

UNEP

Although substantial co-operation with UNEP has still to be developed, it is foreseen that its role will increase over time. The initiative recently-launched by the CEOs of the World Bank, UNDP and UNEP on land and water management in Africa, will lead to an increased role for UNEP, and between UNEP and the Global Mechanism.

World Bank

The World Bank has been developing a Soil Fertility Initiative for several years, in co-operation with FAO and several other institutions. This initiative is well developed in Burkina Faso and is present in Mali and Senegal. At the suggestion of the Global Mechanism, the Soil Fertility Initiative is now being integrated into the National Action Programme in Burkina Faso. There are also prospects for broader-based collaboration with the operational departments of the World Bank, in particular the Africa Region, with reference to water resources and range management, in the context of the Sub-regional Action Programmes.

6.4 The Operational Strategy

As the Global Mechanism gains experience in its work at country, sub-regional and regional level, and with other institutions, this is being reflected in the Operational Strategy, as requested by Decision 18/COP.2. The Operational Strategy has already been revised in light of the comments made at the second Conference of the Parties. Very helpful and constructive comments were also made by members of the Facilitation Committee at its fourth and fifth sessions, and these will be taken into account in further revision of the Strategy. The revised strategy will be presented to COP.3.

Assessment

The recruitment process has proven to be more time-consuming than originally anticipated. Consequently, the capacity of the Office of the Global Mechanism to develop initiatives begun in 1999, has been stretched to its limits, and other initiatives which the Global Mechanism had planned to develop during the year, have had to be postponed until staffing levels permit, one case in point being the development of the Global Mechanism Database. Moreover, as the only professional staff member to date, the Managing Director has undertaken extensive duty travel, which has significantly reduced the amount of time he has been able to devote to other aspects.

With regard to relations with IFAD, time has been needed to forge a strong working relationship with the various divisions and service-providers with the Global Mechanism's Housing Institution. Legal Services, Personnel and the Financial Divisions of IFAD have been much solicited, and have responded as far as their capacities have permitted. Consolidation of in-house relationships has been a crucial part of the groundwork for future development of the GM's operations.

The expanded membership of the Facilitation Committee together with the above-mentioned scope for co-operation, are very positive signs and demonstrate how, in less than a year, the Global Mechanism has succeeded in forging strategic partnerships for its future development. Witb regard to the organisation of FC meetings, experience has shown that it would be preferable for the Global Mechanism to provide support for Facilitation Committee meetings, including those not chaired by its Housing Institution. Such support would consist of setting dates, proposing the agenda, distributing invitations and documentation, and co-ordinating the minutes. However, the institution hosting the meeting should continue to organise the practical aspects of the meeting and to guarantee the necessary facilities at the venue. Participants will continue to be responsible for arranging their own travel arrangements and accommodation. This rationale reflects the logic of the Facilitation Committee being a body which co-ordinates support for the Global Mechanism.

7. Resource Mobilisation: Donor Countries and Institutions

In its first year, the Global Mechanism has given priority to establishing relations with developing countries and sub-regions, seeking to establish a mode of co-operation with them and to demonstrate the ways in which the Global Mechanism can contribute to the development of Action Programmes and related initiatives. It is anticipated that a well-developed approach to Convention implementation will help to forge strong relations with the donor community and thus generate the resources needed for Convention implementation.

This approach has been possible thanks to the voluntary contributions from Germany, Portugal, Sweden and Switzerland donated in connection with the creation of the Global Mechanism. The subsequent generous contribution from IFAD will allow for this approach to be pursued. In addition, the support of the Islamic Development Bank for the Sub Regional Action Programme in West Asia, channelled through the Global Mechanism, is indicative of the *modus operandi* that the Global Mechanism wishes to pursue with other donors and a selected number of foundations which give priority to land degradation as related to poverty alleviation and biodiversity issues.

It is on this basis that co-operation with the institutions of the Facilitation Committee are being consolidated, since they are the first obvious financing partners of the Global Mechanism. It should be mentioned that in addition to the financial contributions received from IFAD and the IsDB, it was highly encouraging to see that correspondence between the President of IFAD and the President of the World Bank, following the Round Table on Drylands, Poverty and Development, organized by the World Bank, mentioned above, has indicated that the Bank is prepared to consider contributing to the Global Mechanism's SRCF Account, in the forthcoming financial year.

In addition to the donor countries and institutions already mentioned, the Global Mechanism has already forged a positive working relationship with Italy, the host country of the Global Mechanism.

8. Co-operation with Non-Governmental Organizations

By Decision 18/COP.2 para. 6, the Global Mechanism was requested to establish an ongoing process of consultations and collaboration with non-governmental organizations and with the private sector, and to submit a report to the third session of the Conference of the Parties for its consideration and appropriate action. In response to this request, the Global Mechanism is to co-finance the RIOD General Meeting, which will take place in Dakar at the end of August 1999. The purpose of this meeting is for the NGOs engaged in Convention implementation to better define how RIOD itself should be organized and operate i.e. as a loose network or as a more structured organization, and how NGOs might contribute to the planning and implementation process of regional, sub-regional and national Action

Programmes. In this context, a difference will need to be made between Southern and Northern NGOs, and between NGOs from developing countries and those from developed ones. The meeting will also serve the purpose of preparing RIOD and its members for COP.3.

The Community Exchange and Training Programme, discussed above, will give priority to NGO-supported projects and local communities. Thus, it is expected that RIOD and NGOs will play a significant role in this activity. The GM is discussing financial support for this purpose, with RIOD.

At national level, the Managing Director's visits, in particular to Burkina Faso and Senegal, included discussions and consultations with the NGO community. It is clear and indeed, recognized by all parties that NGOs and civil society in these countries have played a prominent role in NAP development. Likewise, it is widely recognized that they will continue to play an active role in NAP implementation. The National Desertification Funds and the concept of Local area Development Programmes are, among other things, intended to provide an opportunity for NGOs to gain access to financial resources, so they can play the role they have defined for themselves.

Assessment

Co-operation with NGOs has only just begun. The objective during the initial period has been to define an approach for collaboration between the Global Mechanism and NGOs. Provided that the approach is correct, it should be relatively straightforward to expand the type of activities that have been initiated.

With regard to the private sector, possibilities of initiating activities have been limited due to the capacity constraint,s mentioned above. As stated earlier, it is anticipated that one of the Global Mechanism's first joint initiatives with the private sector will be the formulation and capitalization of national desertification funds. Clearly, the private sector in the developed countries should be brought in as an actor in Convention implementation. This will be a natural step once the Global Mechanism has consolidated its role as a valuable contributor to Convention implementation. Moreover, the private sector will be a major actor in the Carbon Sequestration Initiative, should the latter prove to be a viable option for addressing climate change and desertification.

Overall Assessment

By way of a summary of statements made above, the following points should be emphasized:

The Facilitation Committee as an instrument for supporting the Global Mechanism, has proved to be a very effective and beneficial tool. In addition to providing a framework for discussion and input on all aspects of the Global Mechanism's mandate, it has also fostered co-operation between the Global Mechanism and the individual FC Member Institutions.

The staff recruitment process has taken far longer than anticipated and this has had obvious consequences on all other aspects of the Global Mechanism's work to date. It is also likely to effect the second year - until such times as the core of permanent positions have been filled and those appointed have been fully briefed on their duties and gained some experience in their posts.

An offshoot of the above has been that the Global Mechanism has only been able to initiate operations in a few regions and countries. Its geographical coverage to date has thus been limited. The Global Mechanism is well aware of this shortcoming, and intends to address it, once its capacities permit. In the meantime, its judgement has been to adopt a programmatic approach, focusing on making real contributions in a limited, but targeted number of initiatives.

It should be clear from the above that the Global Mechanism must have access to its own resources to be able to fulfil its role as broker, matchmaker and interface between the developing and developed country parties to the Convention. Such resources are required to finance the very process of bringing together organizations that must be part of the planning and implementation process and also to support activities aiming at demonstrating approaches to Convention implementation. Moreover, the exploration of new funding opportunities, require investigations and research that, if successful, could yield returns of significant proportions.